

House Bill 4362 – Public Hearing 05.10.11
Reforms Restructing and Reinventing Committee

My name is Joe Constance and I am one of five managing partners of The Landing Development Group, LLC which is a company formed and operating for the sole purpose of redeveloping a contaminated and abandoned rail yard and oil tank storage farm located on Marquette's downtown waterfront. Five local long term residents, our home team of entrepreneurs owning 5 different small businesses have all invested life savings and unlimited personal guarantees on a bank loan. We have undertaken this project which brings over \$70,000,000 in investment to the heart of downtown Marquette. This mixed use project is occurring in ten phases over ten years as originally proposed by us and agreed to by the State of Michigan. We have just completed the first phase and had a loss of approximately \$480,000. With the first phase Brownfield tax credit cash refund we will receive \$415,000 which brings us back to almost even. The Brownfield tax credit is enabling this development to occur and without the 85% cash refund payment the project would not have been able to continue. We are right on schedule as per our agreement with the State of Michigan and expect to complete phases 2 and 3 this year, both of which are currently underway.

This transformational development provides for public waterfront improvements including a boardwalk which is nearly complete, parking deck, marina, 80 – 90 new households, office and retail space, hotel, restaurant and conference facility. It is bringing new dollars and creating both short and long term jobs. The development package and all of its components was carefully crafted with private and public partners including the City of Marquette with a Brownfield TIF district, the State of Michigan with Brownfield tax credits and our project financier River Valley Bank. All components are necessary for a successful outcome.

Our 10 year development plan proforma is based on receiving the 85% cash refund of these credits as a source of cash and additional capital investment. The Landing Development Group and the City of Marquette have made commitments based on the Brownfield TIF plan and Brownfield tax credits to which we are obligated. We need the State of Michigan to honor its obligation as well as we have considered this refund guaranteed to us based on our agreed upon performance. One of our very first required performances was to pay an \$80,000 application and administration fee to the State of Michigan for this Brownfield Redevelopment MBT Credit. In return, we received a preapproval letter from the MEDC outlining the terms and conditions which we were to follow to receive the Brownfield credits.

I am telling you straight up that all 5 partners have everything they own tied up in this project. We are literally risking everything. We are the home team of 5 enthusiastic entrepreneurs each owning a small business with between 2 – 40 employees. Marquette has been our home town

for on average 50 years each. Our 5 families, our employees and their families, the contractors and suppliers, their employees and their families, the future job holders and their families that will come from this development all ask you to honor the agreement that the State of Michigan, the City of Marquette and the Landing Development Group have all entered into. To lessen or alter this agreement in any way will not only compromise the successful redevelopment of a contaminated site in the heart of Marquette's downtown, it will take away the livelihood of many more Michigan families. These are the same crucial jobs that I think all of you agree are a priority.

Lastly, we understand the financial crisis the State and you are under in balancing the budget. Our project will be a distinct and direct success as a result of the State Brownfield Redevelopment MBT Credit program. We have already received national attention. We understand if the program has to end because of budget considerations and due to a proposed new tax structure but we encourage you to replace it or move forward with a different program as soon as possible as these types of properties are not feasible to develop without some type of gap financing program made possible thru the private/public partnerships. That said, it is vitally important that the State honor its previous commitments. As the Governor has said "Michigan is Open for Business" and included in his Executive Budget statement "Governor Snyder's plan honors the existing commitments made to businesses through signed agreements under the old tax structure." We feel strongly that anything short of the present agreement is not honoring the existing commitment. Not honoring these would certainly raise concerns with anyone considering investing in Michigan. It would be just like us telling our vendors and suppliers that we are going to honor our contracts with them to purchase labor and materials but that we will pay less than what we had previously agreed to. That would be unacceptable to them and I am certain not one of them would consider us as "honoring our previous commitment".

In conclusion, we are asking that you honor all of the existing Brownfield pre approval letters and signed agreements and that some definition be given as to how that will occur.

Thank you. I would be happy to answer any questions or discuss any aspects further if you wish.